

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	3,972	4,042	3,972	4,042
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,972	4,042	3,972	4,042

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 717 makes changes to the Real Property Appraiser Act to bring it into compliance with federal requirements.

The provision of LB 717 that has a fiscal impact is the requirement for criminal history background checks on new and existing credential holders. The following table summarizes the anticipated expenses and revenue of this requirement as estimated by the Real Property Appraiser Board. Assumptions made to arrive at these estimates are listed below the table.

	Annual Expenditures (1)	Annual Revenue (2)
Payment to State Patrol for background check of new/renewal applicants.	\$3,382	
Communications expense	\$10	
Legal related costs to enforce the new provision.	\$580	
Fees collected from new and renewal credential holders.		\$4,042
<b>Total</b>	<b>\$3,972</b>	<b>\$4,042</b>

- (1) Background checks will be performed on 34 new applicants and 55 randomly selected renewal applicants per year. The cost of each check is \$38, payable to the State Patrol.
- (2) All 34 new applicants will pay for the \$38 cost of the background check raising \$1,292. In addition, the Board plans to charge every renewal applicant a \$5 fee to finance the random background checks on 55 renewal applicants (550 renewal applications X \$5 raises \$2,750).

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 717	AM:	AGENCY/POLT. SUB: Real Property Appraiser Board
REVIEWED BY: Gary Bush	DATE: January 23, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the board's estimate of impact. The agency's estimate appears to be reasonable.		

Please complete ALL (5) blanks in the first three lines.

2014

LB<sup>(1)</sup> 717

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Real Property Appraiser Board

Prepared by: <sup>(3)</sup> Tyler Kohtz

Date Prepared: <sup>(4)</sup> January 22, 2014

Phone: <sup>(5)</sup> 402-471-9015

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$3,972.50	\$4,042.00	\$3,972.50	\$4,042.00
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$3,972.50</u>	<u>\$4,042.00</u>	<u>\$3,972.50</u>	<u>\$4,042.00</u>

Explanation of Estimate:

LB717 updates the Nebraska Real Property Appraiser Act with the necessary requirements for compliance with the real property appraiser qualification criteria that becomes effective January 1, 2015. The Nebraska Real Property Appraiser Board must adhere to the criteria to meet the requirements promulgated by the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council, which has been charged with enforcing Title XI of the Financial Institutions reform, Recovery, and Enforcement Act of 1989.

LB717 adds background checks and standards for screening for new and existing credential holders. According to the AQB, all candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies are also strongly encouraged to perform background checks on existing credential holders as well (Section 15; Section 17; Section 18; Section 19; Section 20; Section 21; p. 59, lines 6-14 and 20-25). This change will have a negative effect on the agency's overall workload, but not to the extent that additional staffing is needed (1 additional hour per credentialing application added to staff workload each fiscal year (34 applications x 1 hour = 34 additional hours) (1 additional hour per renewal application added to staff workload each fiscal year (10% of 550 renewals per fiscal year = 55 background checks x 1 hour = 55 additional hours). In addition, this change will result in an increase to operating expenditures as additional communications, other contractual services, and the potential for additional enforcement may be needed. The following estimates are related to this change:

- Voice/data communications (521200) - \$10.00 per fiscal year
- Other contractual services (554900) – Nebraska State Patrol conducts background checks at \$38.00 per check. The Board estimates 34 new credentialing applicants per fiscal year ( $\$38.00 \times 34 = \$1,292.00$  per fiscal year), and 55 randomly selected renewal applicants per fiscal year ( $\$38.00 \times 55 = \$2,090.00$  per fiscal year).
- Legal services expenses (541500)– 2.5% increase in attorney fees due to additional enforcements resulting from background check standards not being met by renewal applicant = \$562.50 per fiscal year
- Legal related services expenses (541700)– 1% increase due to additional enforcements resulting from background check standards not being met by renewal applicant = \$18.00 per fiscal year

Total increase to expenditures related to this change is \$3,972.50 per fiscal year.

All applicants will be required to pay an additional fee equal to the cost of the Nebraska State Patrol background

checks, which is currently \$38.00 per check. The Board estimates 34 new credentialing applicants per fiscal year (\$38.00 x 34 = \$1,292.00 per fiscal year). Each application for renewal will also include an additional \$5.00 fee for maintenance of the random background check audit program (\$5.00 x 550 estimated renewal applications per fiscal year = \$2,750.00 per fiscal year)

Total increase to revenues related to this change is \$4,042.00 per fiscal year.

LB717 increases the college level education requirements for a licensed residential real property appraiser to 30 semester credit hours of college level education from an accredited college, junior college, community college, or university, or an Associate’s degree or higher (in any field) (p. 29, lines 6-15). In addition, LB717 increases the college level education requirements for a certified residential real property appraiser to bachelor’s degree or higher (in any field) from an accredited college or university (p. 41, lines 11-19). This change will have a minimal negative effect on the agency’s overall workload (Estimated additional staff time spent on processing applications = 34 new applications per fiscal year x .25 hours = 8.5 additional hours per fiscal year).

LB717 allows the completion of a degree program in Real Estate from an accredited degree-granting college or university that has been reviewed and approved by the AQB to count towards the qualifying education requirements for all credentials (Section 15, Section 18, Section 19, Section 20). This change will have a minimal negative effect on the agency’s overall workload (No estimate).

LB717 requires that both the trainee real property appraiser and supervisory appraiser completes a course. The course will be oriented toward the requirements and responsibilities of supervisory appraisers and expectations for trainee real property appraiser. The course must be completed by the trainee real property appraiser prior to obtaining a trainee real property appraiser credential, and completed by the supervisory appraiser prior to supervising a trainee real property appraiser (Section 15, Section 16). This change will have a minimal negative effect on the agency’s overall workload (Estimated additional staff time spent on processing supervisory/trainee course applications = Estimated 3 applications per fiscal year x 2 hour = 6 additional hours per fiscal year).

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$3,972.50	\$3,972.50
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$3,972.50</b>	<b>\$3,972.50</b>